

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 18, 2004

IN RE:

**APPLICATION FOR APPROVAL OF THE TRANSFER OF
CONTROL OF EZ PHONE, INC. TO INFLEXION
COMMUNICATIONS CORP.**

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**DOCKET NO.
04-00105**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Deborah Taylor Tate, Director Pat Miller, and Director Sara Kyle of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this Docket, at the May 24, 2004 Authority Conference for consideration of the Application filed by EZ Phone, Inc. and Inflexion Communications Corp. ("Inflexion") requiring TRA approval of a transaction under Tenn. Code Ann. § 65-4-113.

Statutory Framework

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain prior TRA approval to transfer its authority to provide utility services in Tennessee (also known as its "CCN"). Tenn. Code Ann. § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) includes the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

In the Application, which was filed with the TRA on April 12, 2004, the Parties outline a transaction in which ownership of EZ Phone will be transferred to Inflexion, a wholly-owned subsidiary of Fleet Financial Corporation, the seventh largest financial investment company in the country.¹ The Parties contend that the transaction will create no change in management of the certificated company or in the rates, terms, or conditions of service to its estimated 100 Tennessee customers, but is expected to serve the public interest and increase competition by allowing EZ Phone to deploy new products and services and expand its existing operations. After completion of the transaction, EZ Phone will retain direct ownership of the CCN granted to it on September 24, 1997 in TRA Docket No. 97-01230 and will continue to be the actual provider of telecommunications services. However, because of the change in ultimate ownership of EZ Phone, the resulting *pro forma* transfer of its CCN requires TRA approval.

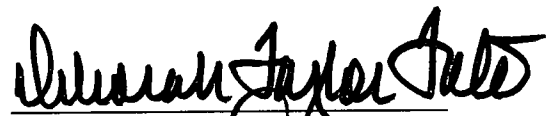
The May 24, 2004 Authority Conference

At the May 24, 2004 Authority Conference, the Directors voted unanimously to approve the Application pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-113.

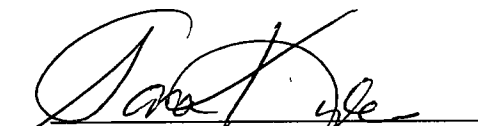
¹ The stock purchase agreement was consummated between the Parties on September 16, 2003. The TRA was initially informed of the proposed transaction on October 24, 2003. Consummation of the actual purchase has been held in abeyance since that time pending all necessary regulatory approval.

IT IS THEREFORE ORDERED THAT:

1. The Application of EZ Phone and Inflexion is approved.
2. The proposed *pro forma* transfer of EZ Phone's CCN as described in the Application and discussed herein is approved.


Deborah Taylor Tate, Chairman


Pat Miller, Director


Sara Kyle, Director